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THE *Poultry and Egg* SITUATION

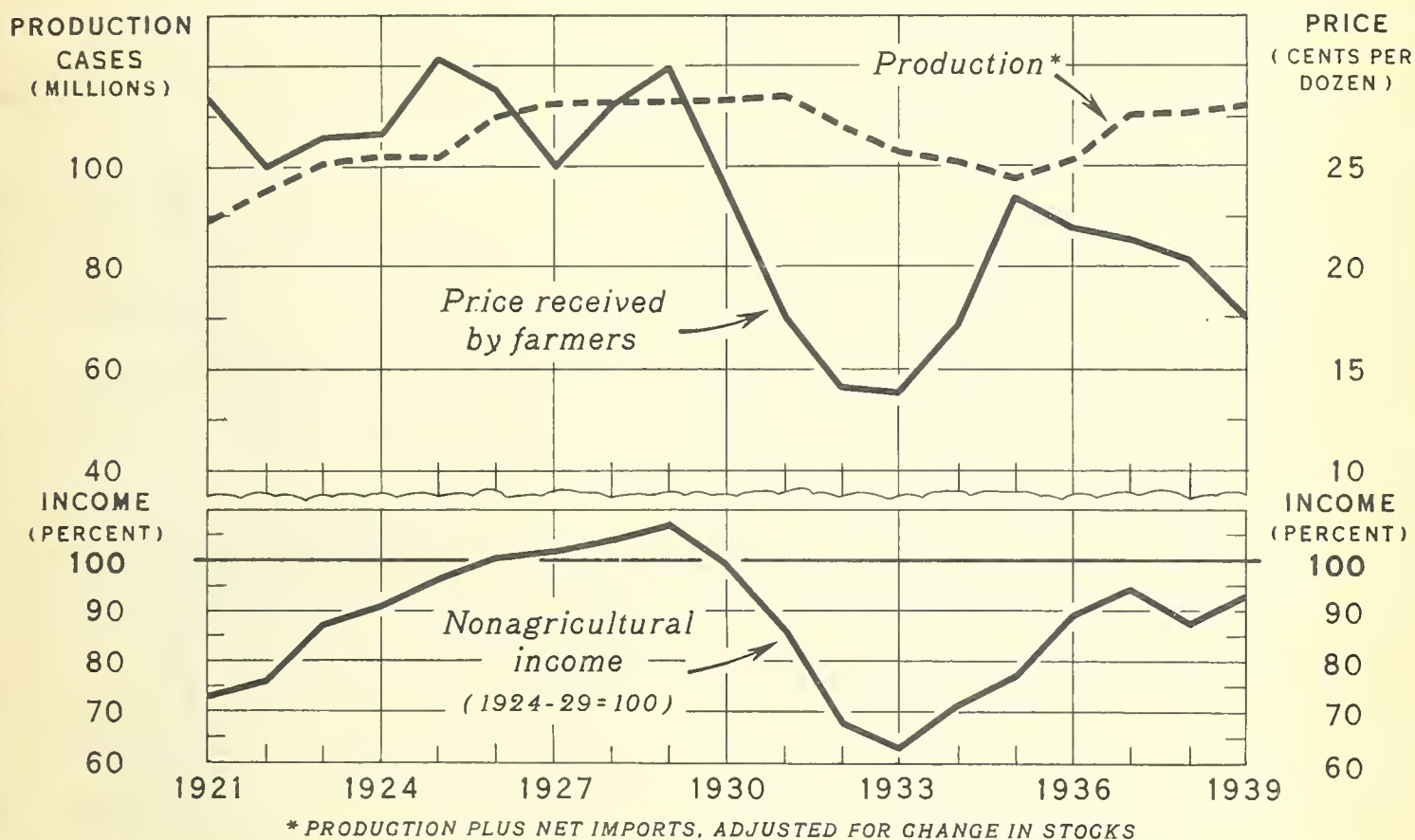
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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SEPTEMBER 1940

PRODUCTION AND PRICE OF EGGS, AND INDEX NUMBERS OF NONAGRICULTURAL INCOME, UNITED STATES, 1921-39

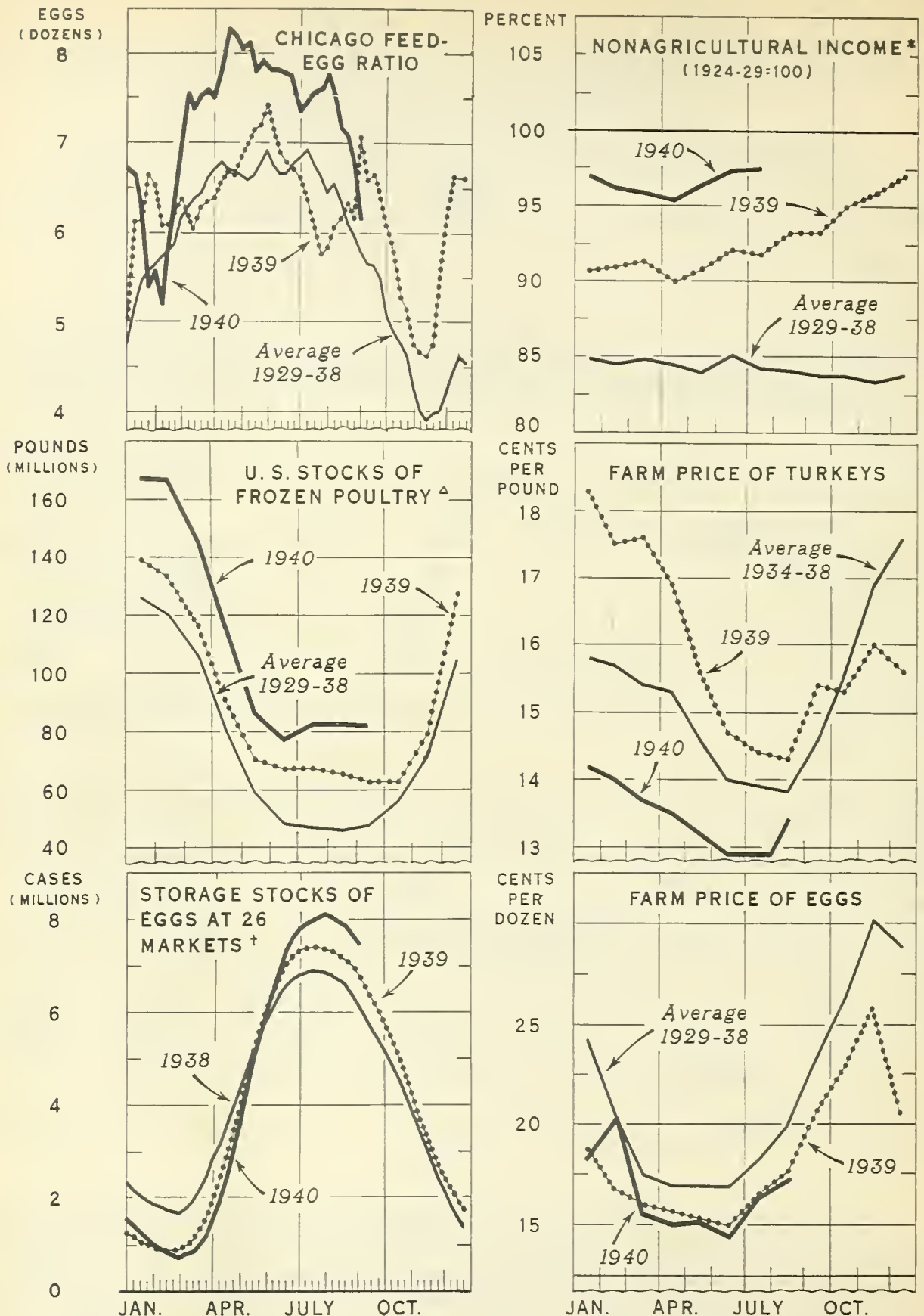


U. S. DEPARTMENT OF AGRICULTURE

NEG. 38591 BUREAU OF AGRICULTURAL ECONOMICS

DURING THE YEARS 1921-39 CHANGES IN PRICES RECEIVED BY FARMERS FOR EGGS WERE CAUSED PRIMARILY BY CHANGES IN CONSUMER DEMAND, MEASURED IN THIS CHART BY NONAGRICULTURAL INCOME, AND TO A LESSER EXTENT BY CHANGES IN PRODUCTION. THE EFFECT OF CHANGES IN NONAGRICULTURAL INCOME ON CHANGES IN EGG PRICES IS PARTICULARLY NOTICEABLE FOR THE DEPRESSION YEARS. SINCE 1935 THE TREND IN EGG PRICES HAS BEEN DOWNWARD, CHIEFLY BECAUSE OF INCREASES IN SUPPLIES.

THE POULTRY AND EGG SITUATION AT A GLANCE



A. M. S. DATA, EXCEPT NONAGRICULTURAL INCOME
Δ ON THE FIRST OF EACH MONTH

*INDEX NUMBERS, ADJUSTED FOR SEASONAL VARIATION
† INCLUDES SHELL AND FROZEN, CASE EQUIVALENT

FIGURE 1

T H E P O U L T R Y A N D E G G S I T U A T I O N

Summary

Supplies of eggs in the United States for the first half of 1941 are expected to be about 3 or 4 percent smaller than in the first half of 1940, and supplies of chicken meat (including fowl) for the same period may be about 5 percent smaller than a year earlier. Domestic egg supplies for the remainder of 1940 are likely to be only slightly smaller than a year earlier, but supplies of chicken meat may be considerably smaller. Storage stocks of turkeys are considerably larger than a year earlier, and the larger stocks will tend to offset the decrease in 1940 turkey production from that of 1939.

Domestic consumer demand for poultry products is expected to remain stronger than a year earlier during the remainder of 1940 and probably will be well maintained in the first half of 1941, in view of the increasing expenditures for national defense. The demand for poultry and eggs in 1941 also will be stimulated to some extent by smaller supplies of other meats, especially pork.

As a result of the expected smaller supplies and stronger demand, chicken, egg, and turkey prices are expected to average higher in the first half of 1941 than in the first half of 1940. Turkey prices for the remainder of 1940 may be about the same as a year earlier, or slightly lower, while chicken and egg prices may be somewhat higher.

With the exception of corn, prices of most feeds used in poultry rations are expected to be about the same in the coming season as they were a year earlier, if not lower. The price of corn may be higher and the cost of poultry ration which include a substantial quantity of corn may be about the same as the cost a year earlier. But, as a result of the expected higher

egg prices, the number of dozens of eggs required to buy 100 pounds of poultry ration during the remainder of 1940 and the first half of 1941 may average smaller than in the same period a year earlier, although the number probably will continue to average larger than the number required in the 1929-38 average during the corresponding period. However, individual producers may be able to obtain a cheaper ration by substituting to some extent, other grains for corn. Other costs of producing poultry products are expected to be about the same in 1941 as in 1940.

Because of the more favorable feed-egg ratio in prospect for the first half of 1941 than in the first half of 1940, the hatch of chicks next year may be larger than in 1940. This will mark the upturn in what may be another 3-year cycle of chick production and probably will result in increased marketings of chickens and eggs in the last part of 1941 relative to the last few months of 1940.

With higher chicken prices expected for the coming fall and winter and feed costs about the same as a year earlier, the production of broilers in the commercial broiler areas this fall and winter is expected to be as large as in the fall and winter of 1939-40, if not larger.

- September 20, 1940

FEED-EGG RATIO

The prospective 1940-41 supply of all feed grains, as indicated on September 1 is about 116 million tons, compared with 118 million tons last year and the 1928-32 average of 108 million tons. Excluding the 430 million bushels of corn which may be sealed or held by the Government on October 1, the supply of feed grains will total about 103 million tons compared with 111 million tons last year. The number of feed grain-consuming livestock, however, will be about 3 or 4 percent less than a year earlier. And the prospective supply of feed grains per animal unit may be only about 4 percent smaller than in 1939-40, and about the same as a year earlier if sealed corn is included. Total supplies of high protein feeds and other concentrated feeds used extensively for poultry feeding are expected to be a little larger in 1940-41 than in 1939-40.

Prices of certain feed grains bear a considerably different relation to each other this fall than they did in the latter part of 1939. During

July and August of 1940, 1 bushel of corn was equivalent in price to 2.2 bushels and 2.4 bushels of oats respectively, compared to 1.8 bushels for both months in 1939. As compared to the price of barley, corn was equivalent to 1.7 bushels in these months of 1940 compared to 1.3 bushels a year earlier. Thus the corn-oats price ratio is the highest since August 1938 and the corn-barley price ratio is the highest since September 1937. The price received by farmers for corn was higher than the price for wheat in July and August of 1940 for the first time since 1937. The price of corn also is high relative to the price of bran. Therefore, the substitution of other feeds for corn in poultry rations will tend to reduce poultry feeding costs as long as the above relationships continue.

Droughts occurred in some sections of the United States in 1940 but any feed shortages in these areas probably will be taken care of by shipments of feed from areas of abundant supplies. The several regional feed-egg ratios discussed in the May Poultry and Egg Situation indicate that feed costs in relation to egg prices are higher than usual in all sections of the country. These regional ratios, however, bear about the same relation to each other as in former years. Feed costs in the 1939-40 crop year were highest relative to egg prices in all regions since 1936-37.

The number of eggs required to buy 100 pounds of poultry feed at Chicago was considerably larger than a year earlier during the first 8 months of 1940 with the exception of a few weeks in January and February. Beginning early in September the feed-egg ratio became more favorable than a year earlier. With higher egg prices and little change in feed prices expected for 1940-41 as compared with 1939-40, the feed-egg ratio is expected to average more favorable than a year earlier, although it may average less favorable than the 10-year average for the corresponding period.

Feed-egg ratio at Chicago

(Dozens of eggs required to buy 100 pounds of poultry ration)

	Week ending as of 1940											
Year	Feb.	May	July	Aug.		Sept.		Oct.	Nov.			
	24	25	27	17	24	31	7	14	21	28	5	30
	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.	Doz.
Average:												
1929-38:	5.87	6.80	6.62	6.36	6.11	5.98	5.79	5.65	5.63	5.49	5.04	4.01
1938	6.92	5.41	5.12	4.87	4.57	4.26	4.04	4.16	4.13	4.10	3.91	3.56
1939	6.21	7.21	5.76	6.15	6.33	6.13	7.08	6.59	6.66	6.39	6.10	5.68
1940	6.23	7.92	7.61	7.17	7.08	6.78	6.36	6.25				

HATCHINGS

Largely because of the very unfavorable feed-egg ratio during the hatching season of 1940 and the resulting weak demand for chicks, commercial hatcheries produced 11 percent fewer baby chicks in the first 8 months of 1940 than in the corresponding months of 1939. Home hatchings were reduced, likewise, and the number of pullets not of laying age on hand on September 1 was about 6 percent smaller than a year earlier.

Since 1929, when records on commercial hatchings first became available, hatchings have followed a definite 3-year cycle, - 1 year down and 2 years up. Should this cycle be continued, more chicks will be produced by hatcheries in 1941 than were produced in 1940. The more favorable feed-egg ratio in prospect for the fall and winter of 1940-41 will tend to increase hatchings, so that the total production of chicks in the United States probably will be larger in 1941 than in 1940. The shift from farm to commercial hatching of baby chicks probably will continue during the next few years but at a declining rate.

POULTRY SITUATION

Poultry marketings

Receipts of dressed poultry at the four principal markets during the first 8 months of 1940 were 16 percent larger than in the corresponding period of 1939. The excess of receipts over those of a year earlier declined from 31 percent in the first 4 months to 6 percent in the second 4 months. These larger receipts resulted partly from the larger inventories of live poultry carried over from 1939 and partly from the unusually heavy inter-market movement of storage poultry.

Because of the smaller hatch in 1940 and the smaller number of layers now on hand, farm marketings of chickens (including fowl) are expected to decline relative to marketings of a year earlier, and to average smaller during the remainder of 1940 and the first half of 1941 than in the corresponding period in 1939-40. Marketings of turkeys also may tend to be smaller than those of a year earlier.

Because of the expected larger production of chickens in 1941, marketings of poultry during the last half of that year probably will be larger than during the last half of 1940.

Receipts of dressed poultry at four markets

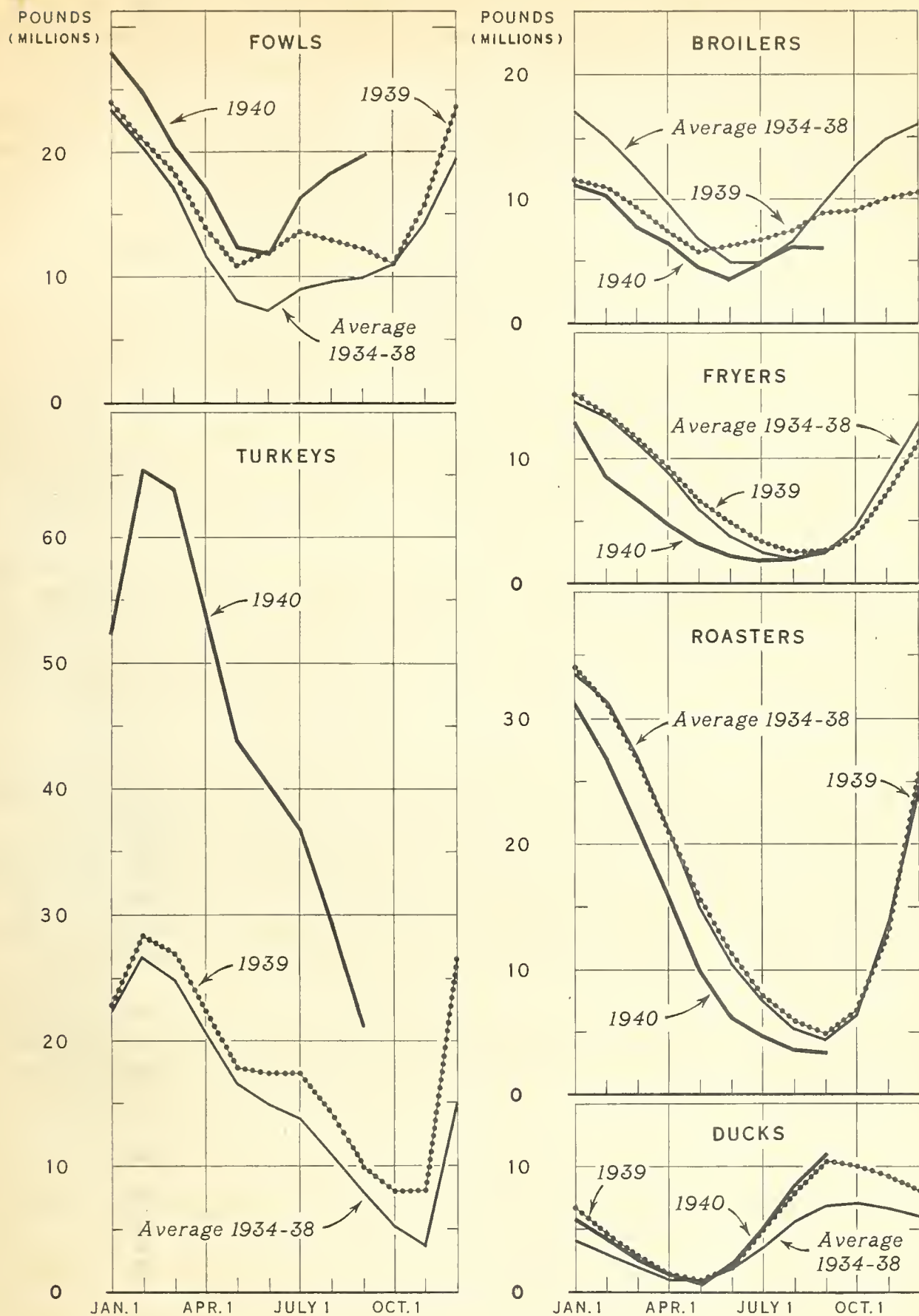
(New York, Chicago, Philadelphia, Boston)

Year	Week ending as of 1940									
	July		Aug.			Sept.			Oct.	
	: 20	: 27	: 17	: 24	: 31	: 7	: 14	: 21	: 28	: 26
	: 1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Average	: pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds	pounds
1929-38	: 4,769	4,625	5,113	5,213	5,370	5,349	5,756	6,181	6,517	7,562
1938	: 4,506	5,405	4,567	4,684	5,005	5,382	5,972	6,668	6,981	8,817
1939	: 5,942	6,948	5,608	5,624	6,081	5,188	6,443	7,371	7,530	8,438
1940	: 5,724	6,079	7,548	7,008	7,547	6,807	7,979			

Poultry storage

Total holdings of poultry declined more than seasonally during the first few months of 1940. Beginning in the early summer, however, holdings increased contraseasonally, largely because of heavy marketings of fowl, and indirectly as a result of heavy farm marketings of breeder turkeys. Storage stocks of young chickens now are smaller than a year earlier, as shown in figure 2, where as stocks of fowl, turkeys, and ducks are considerably larger than usual.

STORAGE HOLDINGS OF DRESSED POULTRY, BY CLASSES, UNITED STATES, AVERAGE 1934-38, AND 1939 TO DATE



U. S. DEPARTMENT OF AGRICULTURE

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FIGURE 2

The into-storage movement during the remainder of 1940 will tend to be smaller than in the closing months of 1939. Although total storage stocks at the end of the year may be smaller than those of a year earlier, they probably will be considerably larger than the 1929-38 average, and will tend to consist of a larger proportion of fowl and turkeys than at the end of 1939.

The expected higher level of consumers' income during the coming winter and spring will be favorable to a heavy out-of-storage movement of poultry during that time and may result in considerably smaller stocks of poultry for the summer of 1941.

Poultry: Storage stocks in the United States, and storage movement at 26 markets

Year	: United States :		Storage movement, week ending					
	: stocks :		as of 1940					
	: Aug. 1 :	: Sept. 1 :	: Aug. 31 :	: Sept. 7 :	: Sept. 14 :	: Sept. 21 :	: Sept. 28 :	: Oct. 5 :
	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000	: 1,000
Average:	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
1929-38:	45,881	47,788	353	641	621	1,050	1,926	2,204
1938	: 52,640	: 54,941	: -757	: 480	: 197	: 1,260	: 2,144	: 2,483
1939	: 64,918	: 62,870	: -819	: -610	: -1,122	: -119	: 1,849	: 441
1940	: 82,415	: 1/82,137	: -834	: 137	: 601			

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Chicken prices

The average price received by farmers for chickens during the first half of 1940 was considerably below both that of a year earlier and the 1929-38 average. However, prices rose relative to those of a year earlier, and by August the mid-month price was higher than that of August 1939. The low prices in the early months of 1940 were largely the results of large supplies of both turkeys and chickens. Improved consumer demand and the more favorable supply situation explain the increasing chicken prices.

As a result of the expected smaller supplies of chicken and other competing meats and the stronger consumer demand, chicken prices during the remainder of 1940 and the first half of 1941 are expected to average higher than those of a year earlier.

Price per pound received by farmers for chickens

Year	: Jan. 15 :	: Feb. 15 :	: Mar. 15 :	: Apr. 15 :	: May 15 :	: June 15 :	: July 15 :	: Aug. 15 :	: Sept. 15 :	: Oct. 15 :	: Nov. 15 :	: Dec. 15 :
	: Cents	: Cents	: Cents	: Cents	: Cents	: Cents	: Cents	: Cents	: Cents	: Cents	: Cents	: Cents
Average:												
1929-38:	14.8	15.0	15.3	15.9	15.7	15.5	15.1	14.9	15.2	14.6	14.1	13.6
1938	: 16.7	: 16.0	: 15.9	: 16.2	: 16.1	: 15.7	: 15.0	: 14.2	: 14.3	: 13.6	: 13.6	: 13.6
1939	: 14.0	: 14.2	: 14.3	: 14.4	: 13.9	: 13.4	: 13.7	: 13.0	: 13.6	: 12.7	: 12.4	: 11.7
1940	: 12.0	: 12.2	: 12.8	: 12.9	: 13.6	: 13.3	: 13.6	: 13.4				

EGG SITUATION

Number of layers on farms

The number of layers on farms at the beginning of 1940 was about 3 percent larger than in January 1939 and about 8 percent larger than at the beginning of 1938 but was slightly smaller than the 1929-38 average number. Numbers of layers declined at a less-than-seasonal rate from January through May but the decline from June to August was sharper than usual. At the seasonal low point in August the number of layers on farms was only 2 percent above a year earlier and was 1 percent below the 10-year average.

The increase in numbers of layers which takes place from September to January probably will be less than usual this year largely because of the 6 percent fewer pullets now available for flock replacements. The number, of course, also will be influenced by the relation between costs of feed and other items and the price of eggs. However, the more favorable feed-egg ratio, which is expected for this fall and winter, may cause farmers to carry over a larger proportion of their old hens than they did in 1939. The number of layers on farms in January 1941 may be from 3 to 8 percent smaller than in January 1940.

This decrease in numbers of layers is a normal part of the 3-year cycle since, for the past 2 years, numbers have been increasing. It is expected that the number of layers in January 1941 will be slightly larger than the number in January 1938, the preceding low point in the cycle. The decline in numbers from January to August 1941 may be less than in 1940 since prices of both eggs and chickens are expected to be higher, relative to feed costs, during that period than they were in January to August of 1940.

Because of the expected larger hatch in 1941, the number of layers on farms at the beginning of 1942 may be larger than the number in January 1941.

Number of layers on farms, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
Average												
1929-38	335	328	318	304	287	270	256	250	259	280	303	325
1938	307	301	292	278	262	248	236	234	245	269	293	314
1939	322	316	306	292	276	260	246	242	253	279	305	326
1940	332	327	318	304	289	270	252	247				

Egg production

The lower rate of lay in January and February of 1940, caused by the unusually cold weather at that time, more than offset the larger number of layers on hand and resulted in smaller egg production for those 2 months

than in January and February of 1939. Beginning in March, however, the output of eggs increased relative to a year earlier and by May and June the monthly production was about 5 percent larger than the 1939 production for those months. Monthly production of eggs has declined relative to a year earlier, with the sharp drop in number of layers which began in July, but during August production continued 4 percent above that of August 1939. Total egg production for 1940 is expected to be larger than in 1939, which will make this year's production the largest since 1931.

The average production per layer during the first 8 months of 1940 was well above the 10-year average for those months but was somewhat below the production in the corresponding months of 1938 and 1939. The lower rate of lay for 1940 probably was due partly to unusual weather conditions and partly to the unfavorable feed-egg ratio. The expected more favorable feed-egg ratio for the laying season of 1940-41 may encourage heavier feeding and better care. However, the effects of this on the rate of lay will be offset, to some extent at least, by the effects of the smaller proportion of pullet layers in laying flocks.

With a decrease indicated in the number of layers for next year and no great change probable in the average rate of lay per bird, total egg production during the first half of 1941 is expected to be smaller than in the first half of 1940. However, because of the expected larger hatch for 1941, total egg production in the last few months of that year may be larger than in the last few months of 1940.

Total farm production of eggs, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.	Mil.
	cases	cases	cases	cases	cases	cases	cases	cases	cases	cases	cases	cases
Average:												
1929-38:	5.9	7.9	12.5	14.1	13.3	10.6	9.0	7.7	6.4	5.2	4.0	4.0
1938 :	6.7	8.3	12.5	13.5	12.6	10.3	8.9	7.6	6.4	5.6	4.8	5.5
1939 :	7.2	8.5	12.6	13.8	13.0	10.6	9.1	7.8	6.5	5.7	5.1	6.1
1940 :	6.7	8.2	12.7	14.0	13.7	11.1	9.4	8.1				

Average number of eggs produced per layer, United States

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
Average:												
1929-38:	6.3	8.6	14.2	16.6	16.7	14.2	12.7	11.1	8.9	6.7	4.8	5.0
1938 :	7.9	9.9	15.4	17.5	17.3	14.9	13.6	11.8	9.4	7.5	5.9	6.4
1939 :	8.0	9.7	14.9	17.0	17.0	14.6	13.2	11.7	9.3	7.4	6.0	6.8
1940 :	7.2	9.0	14.4	16.5	17.0	14.8	13.4	11.8				

Egg storage

Storage stocks of shell eggs in the United States on August 1, 1940 were larger than a year earlier by about 750,000 cases, or nearly 11 percent. Included in the holdings, however, were 1,068,000 cases held by the Surplus Marketing Association for relief distribution. Total stocks of privately owned shell eggs, therefore, were about 5 percent smaller on August 1, 1940 than a year earlier. Stocks of frozen eggs were larger by an amount equivalent to about 302,000 cases of shell eggs, or 7 percent. Combined stocks of shell and frozen eggs on August 1 were about 9 percent larger than a year earlier and about 3 percent larger than the 1929-38 average holdings for August 1. Cold storage holdings of all eggs declined about seasonally between August 1 and September 1.

Storage stocks of shell eggs in recent years have declined relative to total holdings of eggs and to stocks of frozen eggs. The increasing production of eggs in the winter months and the rapid expansion of the frozen egg industry largely explain these changes.

Supplies of eggs available for storage in 1941 are likely to be slightly smaller than a year earlier. The number that will be stored, of course, will depend upon the financial outcome of the 1940-41 egg storage deal, the prevailing prices during the 1941 into-storage season, and the outlook for egg prices in general.

Eggs: Storage stocks in the United States, and storage movement
at 26 markets

Year	United States		Out-of-storage movement, week ending as of 1940					
	stocks							
	Aug. 1	Sept. 1	Aug. 31	September				Oct. 5
				7	14	21	28	
	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>	<u>cases</u>
Shell:								
Average:								
1929-38	8,497	7,949	115	134	179	190	210	243
1938	6,411	5,942	160	193	189	186	172	223
1939	7,024	6,598	89	156	208	163	201	250
1940	7,784	1/7,238	125	165	210			
Frozen:								
Average:								
1929-38	3,385	3,212	---	---	---	---	---	---
1938	3,867	3,572	46	39	71	77	44	53
1939	4,125	3,884	29	37	64	74	62	64
1940	4,427	1/4,166	36	50	57			

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Egg prices

Prices received by farmers for eggs were lower than a year earlier in all of the first 8 months of 1940 except February. The effect on prices of larger consumers' incomes and larger purchases by the Government compared to a year earlier were more than offset by the effects of increased egg production.

It is expected that egg prices will rise during the remainder of 1940 and the first half of 1941 relative to those of a year earlier since consumers' buying power probably will be higher than a year earlier and egg supplies are likely to be less.

Price per dozen received by farmers for eggs

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average :												
1929-38:	24.2	20.3	17.3	16.8	16.8	16.8	18.1	19.9	23.2	26.2	30.1	28.8
:												
1938 :	21.6	16.4	16.2	15.9	17.6	18.2	19.9	21.0	24.9	27.1	29.0	27.9
1939 :	18.8	16.7	16.0	15.5	15.2	14.9	16.5	17.5	20.6	22.9	25.8	20.5
1940 :	18.3	20.2	15.4	15.0	15.1	14.4	16.4	17.2				
:												

TURKEYS

Reports from commercial hatcheries indicate a commercial production of about 16 percent fewer hatchery poults in 1940 than in 1939. With the exception of the East North Central States, all regions of the United States showed decreases from a year earlier. The decline in the 1940 turkey production from a year earlier, however, is likely to be considerably less than 16 percent, since producers early in the year indicated they would buy fewer poults but would home hatch more poults than in 1939. Preliminary reports from turkey growers, as of July 1, indicated a reduction of only 2 percent from a year earlier in the number of poults on farms. Thus turkey production in 1940 may be the second largest on record.

Storage stocks of turkeys were reduced by about 44 million pounds between February 1 and September 1 of this year compared with 18 million pounds during the corresponding months of 1939 but stocks on September 1 were still about twice those of a year earlier and were the largest on record. The effects on prices of the larger holdings this year probably will be very small, however, since the September 1 holdings were equivalent to only about 4 percent of the total 1939 production.

The effects of the slightly smaller turkey production indicated for this year and the higher level of consumers' incomes on prices may offset the effects of last season's unprofitable storage deal and the present large storage stocks. Thus, prices during the last few months of 1940 when the bulk of the crop is marketed may be about the same or slightly lower than in the corresponding months of 1939. Chicken prices this fall are higher than a year earlier both

absolutely and relative to turkey prices, and supplies of chickens are smaller; these factors will tend to result in increased consumption of fresh killed turkeys this fall compared to the fall of 1939.

In the 1939-40 marketing season, prices received by farmers for turkeys dropped very sharply from December 15 to January 15 and continued at a low level because of the continued heavy farm marketings and the large storage stocks. Although storage stocks may be as large in early 1941 as in early 1940, marketings of breeder hens and other fresh-killed turkeys are expected to be less. Since turkey prices will be supported by higher consumers' incomes and smaller supplies of chickens and competing meats during the first half of 1941, prices may average higher than they did a year earlier.

Price per pound received by farmers for live turkeys

Year	: Jan. : : 15	: Feb. : : 15	: Mar. : : 15	: Apr. : : 15	: May : : 15	: June : : 15	: July : : 15	: Aug. : : 15	: Sept.: : 15	: Oct.: : 15	: Nov. : : 15	: Dec. : : 15
	: Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Average :												
1934-38:	15.8	15.7	15.4	15.3	14.6	14.0	13.9	13.8	14.6	15.5	16.9	17.6
:												
1938 :	17.5	17.7	17.2	17.0	16.4	15.6	15.7	15.0	16.0	16.5	17.1	18.4
1939 :	18.3	17.5	17.6	16.9	15.6	14.7	14.4	14.3	15.4	15.3	16.0	15.6
1940 :	14.2	14.0	13.7	13.5	13.2	12.9	12.9	13.4				
:												

SUPPLIES OF OTHER MEATS

Total slaughter of meat animals in the United States in 1941 is expected to be smaller than in 1940. The decline in slaughter of hogs is expected to bring about most of this reduction. The prospective smaller total supply of meats will be a supporting influence to poultry meat prices during the coming year.

Meat production in the United States, total and per capita consumption of each of six kinds, dressed weight basis, 1939. 1/

Meat	:	:	Consumption		:	Percentage
	:	Production :	Total	Per capita:	:	of total
	:	:	:	:	:	meat consumed
	:	Mil. lb.	Mil. lb.	Lb.	:	Pct.
Beef	:	6,901	7,049	53.7	:	35.2
Veal	:	934	934	7.1	:	4.7
Lamb and mutton	:	874	871	6.6	:	4.3
Pork (excluding lard) :	:	8,534	8,347	63.6	:	41.6
Chickens	:	2,463	2,462	18.7	:	12.3
Turkeys	:	411	382	3.9	:	1.9
Total	:	20,117	20,045	152.6	:	100.0

1/ Data for beef, veal, lamb and mutton, and pork were taken from the Agricultural Marketing Service publication "Livestock, Meats and Wool Market Statistics and Related Data, 1939". Data for chickens and turkeys were compiled by the Bureau of Agricultural Economics from Agricultural Marketing Service data.

DOMESTIC DEMAND

Conditions affecting the domestic demand for farm products are expected to improve moderately during the remainder of 1940. The index of industrial activity, which has moved sidewise during most of the summer, apparently is resuming the advance which between April and June carried the new Federal Reserve index of production up from 111 to 121 percent of the 1935-39 average. The income of industrial workers, as usual, lagged behind the changes in industrial output and has not advanced as rapidly since April as has industrial activity. Nevertheless, reports indicate that the rise in consumers' incomes continued after June despite the pause in manufacturing operations. Further gains in the purchasing power of consumers are in prospect, and by the end of this year industrial workers' incomes may be around the post-depression peak reached in 1937, or about the average for the 1924-29 period. Incomes of consumers probably will be well maintained at least through the first half of 1941.

Index numbers of nonagricultural income
(1924-29 = 100, adjusted for seasonal variation)
Revisions as of September, 1940

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Average :												
1929-38 :	84.9	84.6	84.9	84.5	84.0	85.1	84.3	84.1	83.7	83.7	83.4	83.8
1938 :	88.0	87.6	87.4	86.5	85.9	85.6	85.7	87.5	88.0	88.5	89.5	90.6
1939 :	90.6	90.9	91.3	90.0	90.8	92.1	91.8	93.3	93.3	95.0	95.9	97.1
1940 :	96.9	96.2	95.9	95.3	96.4	97.4	1/97.5					

1/ Preliminary.

EXPORT DEMAND

The effect of developments in foreign countries on the domestic poultry industry are expected to be limited largely to the indirect affects which may come from increased industrial activity and an increased domestic consumer demand for poultry products.

Foreign trade in some classes of poultry and egg products may be increased considerably over the levels of recent years. For poultry and eggs as a whole, however, foreign trade is not expected to amount to more than a few percent of our domestic production. Thus it is unlikely that changes in the foreign trade situation will materially affect domestic prices of poultry products.

Exports of eggs during the first half of 1940 were about double those of a year earlier but still amounted to only one-fourth of one percent of our domestic production for that period. With the exception of dried yolks, imports of all forms of eggs into the United States during January-July 1940, were considerably smaller than a year earlier.

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